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THE INIQUITY OF BANKING:

OR,

BANK NOTES

PROVED TO BE AN

Injury to the Public,

AND THE

REAL CAUSE

OF THE

Present Exorbitant PRICE OF PROVISIONS.

SECOND EDITION.

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THE ſubject of the following pages has, for a conſiderable length of time, engaged the cloſeſt attention of the author. The longer he has reflected, the more clearly he has been convinced, that Bank Notes are the principal cauſe of the evils at preſent moſt complained of: ſenſible, however, of his incapacity to do juſtice to the ſubject, it is only in the hope of leading to an inquiry that he preſumes to intrude upon the notice of the public. If he ſhould not be diſappointed in this

this hope, he will not deſpair of attaining his ultimate object; being perſuaded, that the injuſtice of ſuffering one part of the ſociety to increaſe the quantity of its money at pleaſure, by ſubſtituting paper for gold and ſilver, when it is not in the power of the other part to do the ſame, as well as the abſurdity of all attempts to reduce the price of proviſions, while the demand is conſtantly increaſed by the increaſe of the circulation, muſt be ſo obvious, on the leaſt reflection, as to be perceived the moment that the public attention is directed to the ſubject.

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THE

INIQUITY OF BANKING,

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WHEN no ſteps are taken to remedy an evil which is univerſally complained of, we are apt to conclude, either that the cauſe has not been aſcertained, or that it cannot poſſibly be removed: but neither of theſe may be the caſe; for as the ideas of right and wrong, in the generality of mankind, depend entirely upon prejudice and habit, whatever they have been accuſtomed to practice for any length of time they imagine muſt be juſt, and therefore conclude, that, whatever inconvenience they may ſuffer from it, they have no right to put a ſtop to it. If, therefore, we wiſh to ſee an evil removed, we muſt not only point out the cauſe, and ſhew the poſſibility of removing it, but likewiſe perſuade men that they have a right to remove it. The ſureſt way to effect this will be, to ſhew that they have already aſſerted this right, by prohibiting tranſactions productive of ſimilar conſeqnences; for every man muſt per-

ceive the abſurdity of ſuppoſing, that we have a right to prohibit one tranſaction, on account of its effects, and not every other tranſaction attended with ſimilar effects: to prohibit, for example, poiſoning, but not ſhooting or ſtabbing, and every means by which life may be deſtroyed; or to prohibit highway robbery, but not counterfeiting or forgery, and every other tranſaction by which one man may deprive another of his property, or the fruits of his labour. It is upon this ground that I ſhall endeavour to prove the juſtice and expediency of putting an end to the paper ſyſtem. Having firſt proved, that increaſing the circulation by means of paper is the principal, if not the only cauſe, of the great increaſe of the prices of commodities, ſo generally complained of, and which is ſo injurious to every part of the ſociety, but more eſpecially to the poor; I ſhall ſhew, that the iſſuing of bank notes is productive of the ſame conſequences as robbery, as by that means the produce of labour is obtained without labour, and every man in ſociety deprived of a part of his property, or of the fruits of his labour.

To prove that bank notes are the cauſe of the great riſe in the prices of commodities, it will be ſufficient to ſhew, that every alteration in the relative quantities of the circulation and of the commodities in a country, muſt neceſſarily produce a ſimilar alteration in thier relative value: a propoſition, the truth of which is ſo generally acknowledged that it might appear unneceſſary to attempt to prove it; but as it ſeems to have been but very little attended to, and as it is of the greateſt conſequence in the preſent inquiry,

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I ſhall endeavour to ſet it in as clear and conſpicuous a point of view as poſſible.

If we ſuppoſe an iſland, containing one hundred families, where the quantity of money is ſuch that each family has one ſhilling per day, it will be evident, that all the commodities brought to market any one day muſt be ſold for five pounds; and the whole brought to market in the courſe of the year for eighteen hundred and twenty-five pounds. If from a plentiful crop, or an increaſe of induſtry, the quantity of productions ſhould be increaſed, the prices muſt fall; for the quantity of money being ſuppoſed to remain unaltered, it muſt be divided into ſmaller parts, in order to correſpond with the increaſed number of parts in the productions: thus, for example, if the quantity of money ſet apart for the purchaſe of corn amounted to one hundred pounds, when the quantity of corn amounted only to four hundred buſhels, the price would be five ſhillings per buſhel; but if the quantity were increaſed to five hundred buſhels, the price would be reduced to four ſhillings per buſhel: on the contrary, if the quantity of the productions were to decreaſe, the prices would be raiſed. For if there were but three hundred buſhels of corn, while the money of the purchaſers amounted to one hundred pounds, the price of a buſhel would be advanced from five ſhillings to ſix ſhillings and eight-pence.

The effects produced by a plentiful or a ſhort crop on the price of grain, muſt be well known from conſtant experience; but perhaps it may not be generally underſtood, that the alteration in price proceeds entirely from the alteration

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in the relative quantity of the corn, and of the money of the purchaſers. Were the quantity of money that could be applied to the purchaſe of corn, reduced or increaſed in an equal proportion with the quantity of the corn, the price would remain unaltered; for the price of commodities will always riſe or fall in proportion to the demand, and the demand muſt always be increaſed or diminiſhed in proportion to the increaſe or decreaſe of the money of the purchaſers. Hence it will appear, that the quantity of commodities might remain unaltered, and yet a ſimilar fluctuation take place in the prices: for if, on the iſland we have ſuppoſed, the quantity of the circulation were reduced, ſo that each family ſhould have but ſixpence per day, inſtead of a ſhilling, all the commodities ſold any one day could only bring two pounds ten ſhillings, in the place of five pounds, and all that was ſold in the courſe of the year could only produce nine hundred and twelve pounds ten ſhillings, in the place of eighteen hundred and twenty-five pounds; and conſequently, if the quantity of the commodities remained the ſame, the price muſt have fallen one half.

On the contrary, if the circulation had been increaſed, ſo that each family ſhould have had two ſhillings per day, the prices of all commodities ſold on one day would amount to ten pounds, and the whole productions of the year would be ſold for three thouſand ſix hundred and fifty pounds. Therefore, if the quantity of the commodities remained the ſame as when each family had but one ſhilling per day, the price would be doubled. For as the only uſe that can be

be made of money is to exchange it for commodities, if the quantity of the latter is not increaſed in the ſame proportion as that of the former, either the prices of the commodities muſt be raiſed, or the additional quantity of money remain perfectly uſeleſs.

That the effects of a variation in the quantity of the circulation are ſuch as have been ſtated, conſtant experience has proved. Every perſon knows that the rate of the market depends entirely upon the quantity of money brought into it: when money is ſcarce the prices are low, when plenty they are high. Let a few rich men ſettle in the neighbourhood of a remote village, and the price of proviſions will be almoſt immediately enhanced. This has been particularly experienced by the inhabitants of the ſmall towns on the ſea-coaſt; where, in two or three years after they have become bathing-places, the prices of the commodities of life have been nearly doubled. Had the inhabitants of theſe towns increaſed the amount of the circulation, in the ſame degree that it has been by the new comers, the effect would have been exactly the ſame; for the price of commodities does not depend on the number of the buyers, but on the quantity of their money. How could we otherwiſe account for the fact, that in ſeveral countries, whoſe population is equal, the prices of commodities are often higher in one than in another? Or what other reaſon can be given for the great increaſe of the prices of commodities ſoon after the diſcovery of America, which certainly did not augment the population of Europe; but that the prices depending entirely on the relative proportions of the

the money and of the commodities, the increaſe of money, by means of the ſpecie brought from America, neceſſarily increaſed the price of the commodities. Indeed, what gives any value to money, but its ſcarcity, and the difficulty of attaining it? It would be of no more value than ſand or ſtones were it equally plentiful, or could it be as eaſily obtained.

Why do we complain of the high price of proviſions? Is it not becauſe we are thereby prevented from having ſo large a quantity as we could have wiſhed? If then we could at pleaſure increaſe the quantity of our money, we ſhould endeavour to obtain a larger quantity of proviſions. But this could not be done, as there is but a certain quantity, without taking from ſome other perſon; and as every one would wiſh to retain at leaſt the quantity that he has at preſent, if one man increaſed the quantity of his money every other man would do the ſame. It muſt be evident, that this would produce the ſame effects as bidding at an auction; the price would riſe in proportion to the quantity of the money offered. Therefore, if money could be increaſed at pleaſure, it would ſoon loſe its value, or at leaſt be reduced in value, in proportion to its increaſe of quantity.

We ſhall be told, perhaps, that thoſe who increaſe the quantity of their money do not always augment their conſumption: ſuppoſing this to be the caſe, it does not alter the general effects of ſuch increaſe, for no man locks his money up in his cheſt; if he does not wiſh to employ it himſelf he lends it to another: but this

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latter would not borrow it if he did not intend to make uſe of it; and what uſe could that be, but either to purchaſe commodities or labour? And as that part given for labour would likewiſe be employed in the purchaſe of commodities, it muſt be evident, that through whatever number of hands the additional quantity of money may firſt paſs, it muſt all ultimately come to market, and conſequently produce the ſame effect as if the fabricator had increaſed his own conſumption.

Since then it has been proved, that increaſing the circulation muſt neceſſarily increaſe the price of commodities, it becomes evident, that bank notes, by which the money circulation of this country has been ſo prodigiouſly increaſed, are the real cauſe of the preſent exorbitant price of proviſions; and ſuch being the caſe, it muſt likewiſe be no leſs evident, that the banker as certainly robs every other man in the ſociety, by circulating his notes, as by levying a tax, or by putting his hands into their pockets and taking out a part of their money. For there is no difference between enhancing the price of commodities, and leſſening the value of money: and a man is equally injured, by having the value of his money reduced, as by having a part of it taken away. But that iſſuing bank notes is abſolutely a public robbery, will be rendered perhaps ſtill more obvious by the following conſiderations.

There is nothing more certain, than that every man will be able to obtain a ſhare in the productions of the ſociety, in proportion to the quantity of his money, or in the proportion that his

his income bears to all the incomes of the ſtate; therefore, as the quantity of his money is increaſed, his ſhare of the productions will alſo be increaſed. And as there is but a certain and not an illimitable quantity of productions, whatever is added to one man's ſhare muſt be taken from that of another; conſequently, increaſing the quantity of money in one part of the ſociety muſt have the ſame effect as taking ſo much from the amount of the money of the other. For example: ſuppoſe all the productions of the ſociety to be divided into a certain number of equal parts, of which a day labourer ſhould have one, and every other perſon a certain number, in proportion to their incomes, ſo that a perſon with ten thouſand pounds ſhall have ten parts: if then any number of the labourers, ſuppoſe ten thouſand, were, by the diſcovery of a treaſure, or the iſſuing of bank notes, to obtain ten thouſand pounds a-piece, each of them would be able to command ten times the quantity of productions that he did before. But where are the ninety thouſand additional parts to come from? Muſt not a new diviſion take place, and a portion be taken from every one of the parts into which they were before divided, in order to make up the additional number of parts? Moſt aſſuredly. Therefore, every man in the ſociety, except the ten thouſand, would ſuſtain as great an injury as if he had been robbed of a part of his money. If the hundred millions ſuppoſed to have been found, or fabricated, inſtead of being given to the labourers, had been given to thoſe who had money before, the effect would have been exactly the ſame. For, provided the money be increaſed, it makes no difference in whoſe poſ-

ſeſſion it is, the productions muſt ſtill be divided into an additional number of parts, to correſpond with the additional number of parts in the money. Therefore the banker might, with as much juſtice, take a certain ſum of money out of his neighbour's pocket, as increaſe his own by means of bank notes.

There is nothing on which men are more generally agreed, than on what is called the RIGHT OF PROPERTY; that is to ſay, the right that every man has to a ſhare of the productions of the ſociety, in proportion to his property, or the quantity of his money. But how can he enjoy this right, while a few men are ſuffered to uſe paper in lieu of money; while a man with ten thouſand pounds may make that ſum equal to twenty or thirty thouſand?

If the inhabitants of a country were divided into two equal parts, each having an equal property, and an equal quantity of money, according to the right of property the productions of the ſociety ought to be equally divided between them; if the one part were to double the quantity of its money, by iſſuing bank notes, it would be able to obtain two thirds of the productions, and conſequently the other could obtain only one third. Or ſuppoſe all the purchaſers in a fair or market to have each an equal quantity of money, each ought to have an equal ſhare of the commodities: but if one half of them were bankers, and choſe to double their money by iſſuing notes, they would be able to purchaſe two thirds of the commodities; conſequently, thoſe who were not bankers would

have one third leſs than they would have had if there had been no bank notes. Had the bankers, inſtead of increaſing their money by iſſuing bank notes, increaſed it by ſtealing one third of the money belonging to the others, the effect would have been exactly the ſame; thoſe from whom it was ſtolen would ſtill have been able to purchaſe one third of the commodities, and they could have had no more if the bankers had doubled their money by iſſuing bank notes. All the people of England are the purchaſers in the market; it muſt be evident, therefore, that the bankers rob the other part of the ſociety, as certainly (but with much greater eaſe) by iſſuing bank notes, as by ſtealing away a part of their money; or by *force and arms* compelling them to give up a certain part of their property, or, which is the ſame thing in value, a certain part of the productions of their labour.

Indeed, there appears nothing more ſurpriſing, than that the circulating of bank notes ſhould ever have been permitted; as it is not only in direct oppoſition to all the general maxims that are adopted reſpecting property, but likewiſe renders nugatory all the laws enacted for its preſervation. Why were gold and ſilver made the medium for exchange? Why do the laws require that both ſhould be of a certain fineneſs? And why are men puniſhed with death for debaſing or counterfeiting the national coin? Was it not with the view to ſecure to every man his property, or the fruits of his labour? Gold and ſilver were ſuppoſed to have coſt a certain quantity of labour, in order to be attained, and were therefore made repreſentatives in exchange for an equal quantity

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of other labour; and the counterfeiting or debaſing of theſe metals was made death, in order to prevent any man from enjoying the fruits of others labour without labouring himſelf. But what is the uſe of ſuch laws, while particular men are permitted to increaſe their money by means of bank notes? Does it require any more labour to fabricate *a note* than to counterfeit *a guinea?* And does not then the banker obtain the benefit of labour without labouring himſelf, and thereby rob the labourer of the fruits of his induſtry, as effectually as the coiner could do? The only difference to be remarked between theſe two profeſſions is, that the coiner receives immediately *the whole* nominal value of the pieces that he puts into circulation, whereas the banker only receives *a part*. But it will appear, on a little reflection, that this difference is by no means ſufficient to turn the ſcale of profit in favour of the coiner. For as the banker receives the ſame intereſt on his *paper* that he could have received on his gold, in the courſe of about fourteen years he will have realized the whole nominal value of his paper; which will amount to the ſame thing as if he had circulated an equal quantity of money at the outſet. Yet, as there is every reaſon to believe, that the materials and labour requiſite for making the counterfeit money, would have coſt at leaſt twenty times as much as that required for making the notes, the banker muſt have greatly the advantage of the counterfeiter. Yet, whatever may be the difference of their profits, the injury to the public is exactly the ſame. For provided a certain additional ſum of money be brought to market, whether the fabricator reaps all the advantage himſelf, or

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ſhares it with others, a certain proportionate riſe muſt neceſſarily take place in the price of the commodities of life or trade. Therefore, although the banker gains but one thouſand pounds by the circulation of twenty thouſand pounds of bank notes, yet, as the whole ſum is brought to market, the prices of commodities will be raiſed in the proportion that thoſe twenty thouſand pounds bear to all the money in the market; and, conſequently, the other members of the ſociety muſt be deprived of the ſame part of their property, or of the produce of their labour, as they would have been by the circulating of an equal ſum of counterfeit money.

Is it not ſurpriſing then, that the law ſhould regard theſe two profeſſions ſo very differently, that while it hangs the poor man, really in want, for fabricating money, it ſhould ſuffer the rich man, who has got a great quantity, to fabricate ſtill more with impunity? It may perhaps be aſſerted, that there is this further difference between banking and coining, that the one robs the public at large, and the other only individuals; admitting it to be ſo, ſurely it is not ſaying much in favour of banking. But this is by no means always the caſe: the money of a ſkilful coiner circulates in the ſame manner and produces the ſame effects as bank notes; and whenever the banker fails, he robs the individual as well as the public. This has often happened, and perhaps one day that partial calamity may become general, for the leaſt breath of ſuſpicion would infallibly ruin every bank in England. In this reſpect, there is a remarkable reſemblance between bank notes and counterfeit money: as long as the falſe money

money is not ſuſpected, it paſſes as current as the true; but the moment ſuſpicion ariſes the cheat is at an end, and the then poſſeſſor muſt be the loſer. Exactly the ſame is the caſe with bankers, a general ſuſpicion of their credit would inſtantly overſet them all.

The laws made for regulating the profits on money are rendered equally ineffectual by the banker; for as he circulates three or four hundred pounds of paper for every hundred pounds of caſh that he has, he actually receives *fifteen* or *twenty* per cent. for his money, inſtead of *five*, which is the lawful intereſt.

In like manner, the laws againſt foreſtallers, monopoliſts, &c. become perfectly nugatory: for what were the uſe of thoſe laws, but to prevent the productions of the ſociety from being engroſſed by a few individuals, who otherwiſe would be enabled to rob the reſt of the ſociety, by raiſing the prices to an immoderate height? But it is only by having the command of large ſums of money that men are enabled to monopolize; and while this is the caſe it will always be very difficult to prevent it. But this difficulty becomes an impoſſibility the moment that we ſuffer men to increaſe the quantity of their money by paper. Hence it muſt be evident, that bank notes render the laws againſt monopoly equally ineffectual with thoſe againſt counterfeiting and uſury. Under ſuch an order of things, we might be led to ſuſpect that laws were made rather to *regulate* than to *repreſs* robbery.

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We ſhall be told, perhaps, that the robberies committed by bank notes differ from all others, inaſmuch as that they tend to enrich the nation: admitting that were the caſe, and that ſuch a thing was deſirable, ſtill it is not the leſs an evil to thoſe who are deprived of their property, or a portion of the fruits of their labour; but enriching the nation, as it is called, is by no means deſirable: ſuch a wiſh could only have originated in error, into which we are betrayed by forming our judgments from a partial view of things. We perceive that riches bring many conveniences to thoſe who poſſeſs them; we therefore conclude, that as a nation increaſes in wealth it muſt neceſſarily increaſe in happineſs; but truly there cannot be a greater miſtake, ſince it is as impoſſible for one part of the ſociety to grow rich and the other not grow poor, as for one arm of the balance to be raiſed without the other being depreſſed. Rich is merely a comparative term. Had all men an equal property, all would have an equal ſhare in the productions of the ſociety, and all would be obliged to labour alike; conſequently there would be neither rich nor poor: for the rich man is only he who can command a larger ſhare of the productions than falls to the common lot: therefore, as the wealth or the numbers of the wealthy are increaſed, ſo will be the poverty of the poor. In proportion as the luxuries of one part of the ſociety are increaſed, the comforts of the other will be diminiſhed*.

But

* On the propoſition, in the Houſe of Commons, for regulating wages, it was admitted, that the labourer who had two children could not poſſibly maintain them. Was that the caſe

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But enriching one part of the ſociety does not merely impoveriſh the other; it tends likewiſe to leſſen the number of the inhabitants. For as the rich require a vaſt deal more land to ſupport them than the poor, in proportion as the riches or numbers of the rich are increaſed, the numbers of the whole muſt neceſſarily be diminiſhed. If, for example, the number of rich men in this country were doubled, would there not be double the number of country ſeats, double the number of parks, double the number of horſes, &c. &c. than there are at preſent? But by this means, a great deal of land, that now maintains men, would then be ſet aſide for pleaſure-grounds, for parks to fatten deer, and for raiſing corn and hay to feed horſes; and as a horſe requires as much land to maintain him as is requiſite to ſupport a poor family, ſo great an increaſe in the number of horſes would of itſelf cauſe a great decreaſe in the number of families. There is no part of the conduct of the conqueror that we contemplate with greater abhorrence than his deſtroying towns and driving out the inhabitants, in order to make room for his deer. But whoever converts a piece of arable ground into a park, or applies that land to feed a horſe that now maintains a family, imitates the conqueror; and whatever be the means by which this is effected, the evil is the ſame. Riches, therefore, ought to be as carefully guarded againſt as the ſword of the

five or ſix and twenty years ago? Certainly not. The prices of the neceſſaries of life have doubled ſince that time; but the wages of the labourer have not been increaſed more than one ſixth. Yet we are eternally boaſting of the increaſe of our riches, though it is evident that the labourer is reduced to beggary!

conqueror;

conqueror; for the power acquired by the former is equally injurious to the ſociety as that ariſing from the latter: indeed, the former is by far the moſt dangerous, as from the ſilence of its operations the evil is not ſo ſoon perceived. The conqueror acts openly, drives out whole towns and villages at once: the danger then becomes conſpicuous; every man is upon his guard, and it may be expected that the ſociety will ſoon unite to repel the tyrant. Money acts differently: it is ſlower in its operation, but it is not the leſs ſure on that account; it does not depopulate a whole region at once, but waſtes the country by degrees. It is not the great tyrant, encloſing an hundred thouſand acres in one place, but the many hundred little tyrants, encloſing their thouſands of acres in different places. But the nature or weight of the evil is not changed, whether a hundred men are driven out from one place or from a hundred different places; or whether they are driven out by the ſword or by the obnoxious power of riches. If the increaſe of riches in England has not reduced the number of the inhabitants, it has certainly increaſed the number of the poor: of this no one, who will take a comparative view of the poor rates now with what they were but five and twenty years ago, can entertain the leaſt doubt; they will find, that their increaſe has kept pace with the increaſe of our riches, or paper money. In Scotland, the effects of this ſyſtem have been ſtill more conſpicuous; for, beſides the increaſe of their poor, great numbers have been forced to emigrate. The poor highlander has been driven from his farm, in order to make room for ſheep, to ſupply the increaſed demand of his more fortunate

fortunate neighbour! Such has been the neceſſary conſequences of ſuffering men to multiply their money by bank notes, and other ſimilar means: they have been thereby enabled to engroſs ſo large a portion of the productions of ſociety, as have either reduced them to beggary, or forced others to emigrate, who have had no means of increaſing *their* incomes.

The reaſon that the nefarious ſyſtem of making paper paſs for money, has attracted ſo little attention hitherto, ſeems to be, that the evils ariſing thence have been attributed to another cauſe: the increaſe of the taxes has generally been ſuppoſed the cauſe of the great increaſe in the price of commodities; but this, on examination, will be found to be a great miſtake.

Were all taxes levied directly upon income, they could produce no effect whatever on the price of commodities; for as the prices muſt depend upon the demand, and as every man's demand muſt depend upon his income, the whole demand, or the prices of all the commodities, muſt likewiſe depend upon the ſum of all the incomes. A tax, therefore, which merely alters the diſtribution, without increaſing the ſum of the income of a ſtate, as is the caſe with a direct tax on income, could never vary the price of commodities.

The rate of the market, as has been already obſerved, does not depend upon the number of the purchaſers, but on the quantity of their money; while that, and the quantity of commodities, remain without variation, the price

will be invariable, whether the number of purchaſers be great or ſmall, or however unequally the money may be divided among them. If, for example, the number of buyers in a market amounted to one hundred, with twenty ſhillings each, all the commodities muſt be ſold for one hundred pounds: if, inſtead of the hundred with one pound each, fifty had gone to market with two pounds each; or if a tax had taken five ſhillings each from the one fifty and added it to the other fifty, it could have made no alteration in the price of commodities, for the ſellers could only have got the hundred pounds. Suppoſe that, in a nation where all the incomes amounted to one hundred millions, the government ſhould levy a direct tax of ten millions, it is evident that every man's income would be reduced one tenth; if, therefore, the quantity of commodities remained the ſame as before the tax, the prices muſt fall one tenth, or elſe the commodities remain unſold. But if the ten millions taken from the whole, were added to the incomes of a few, the aggregate income of the ſtate would be again reſtored to one hundred millions, and conſequently the price of commodities would remain the ſame as it was before the tax was levied, but could not poſſibly be increaſed. The price of commodities, therefore, can only be affected by indirect taxes, which, by being levied on articles of conſumption, muſt create a fictious increaſe in the national income, in the ſame manner that bank notes do: for as taxes raiſed in this way do not reduce men's nominal incomes, the ſum of all the incomes in the ſtate is increaſed equal to the amount of the taxes.

It is the obſerving of this effect of indirect taxes, which has made ſome men imagine, that increaſing the taxes increaſed the national riches: and others aſſert, that as we increaſed our debts we increaſed our abilities to pay them; whereas the truth is, that, conſidered as a nation, we are neither enriched nor impoveriſhed by taxation, for the real riches of a nation are its productions, and while the quantity of them remains without either increaſe or decreaſe, it cannot be juſtly ſaid to grow either richer or poorer, whatever may be the fluctuation of the nominal income, or whatever alteration may take place in its diſtribution.

It will always be in the power of a nation to raiſe its nominal income to what height it thinks proper, either by taxation or by increaſing the circulation. If in a ſociety of one hundred individuals, with an income of one hundred pounds each, a tax of ten per cent. was laid on all commodities, and the produce divided among them, each of their nominal incomes would have been increaſed one tenth: had the tax been twenty or a hundred per cent. the increaſe of income would have been in the ſame proportion. Or if in the place of levying a tax, each of them had doubled the quantity of his money by means of bank notes, the effect would have been the ſame, the nominal income would have been doubled. But it muſt be evident, that as long as the amount of the taxes, or of the increaſe of the money, be equally divided among them, not one of them can be in the ſmalleſt degree benefited by the increaſe of his nominal income: for as the increaſe in the price of commodities

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in thoſe caſes would have been in exact proportion to the increaſe of the taxes or quantity of money, two hundred pounds could have purchaſed no greater quantity than one hundred pounds did before the increaſe.

In proportion as the *nominal income* is increaſed, the *nominal amount* of taxes may alſo be increaſed; for if one thouſand pounds of taxes can be raiſed, when all the incomes amount to ten thouſand pounds, when they are increaſed to eleven thouſand, eleven hundred pounds may be raiſed. For want of attending to this conſequence of the great increaſe of our nominal income, and principally by means of bank notes, has it been that thoſe have been deceived who have ſpeculated upon the probable extent to which the national debt may be carried. There is no doubt but that it may be increaſed by degrees to almoſt any amount; but it is not the leſs an evil on that account, nor is the majority of the nation the leſs oppreſſed by the taxes, or the circulation of bank notes; for it muſt be evident, that all thoſe whoſe incomes are not increaſed in exact proportion to the increaſe of the ſum of all the incomes, muſt be loſers by it: for if, in the ſociety we have ſuppoſed, the ten per cent. levied on all the commodities had been given to ten, inſtead of being divided equally among the whole hundred; or if in place of each man doubling his money by means of bank notes, ten only of the number had increaſed their own money tenfold, the other ninety would really have loſt, in the one caſe one tenth, and in the other one half of their property; ſo that although with every new tax, or every freſh iſſue of paper,

paper, the nominal value of the national income would be increaſed, the real value of their incomes, who had no ſhare in the produce of the taxes or paper, would be diminiſhed. That ſuch has been the caſe in England muſt be well known, from the experience of the great body of the inhabitants. Although the *nominal value* of their incomes have remained nearly the ſame, the *real value* has been reduced at leaſt one third, within the laſt five and twenty years. But the ſhare that taxes have had in this reduction hardly deſerve mentioning; for all thoſe levied within that period do not amount to one tenth part of the whole increaſe on the nominal value of all the commodities*. Beſides, as it has been proved,

* In the year 1769, the productions of agriculture were eſtimated at eighty-three millions; but the difference between their value in the raw ſtate, and that in which they are fit for conſumption, muſt be very conſiderable. The difference of value between wheat and bread, and that between barley and malt, muſt be at leaſt one-fifth. The difference of the price of cattle alive and dead, and between tallow and candles, is much greater; but that between wool and cloth, hides and leather, is incomparably greater ſtill. If, in addition to this, we make allowance for the vaſt improvements in agriculture ſince that time, it will be evident, that the value of all the productions, when fit for conſumption, muſt have exceeded one hundred millions, at the prices they were at in 1769, which were as follows: wheat 40s. barley 17s. oats 15s. beans 24s. But in January 1796, the prices were, wheat 86s. barley 35s. oats 24s. beans 44s. which, making allowance for the difference between the value of wheat and barley, and that of oats and beans, makes it evident, that, upon the whole, the prices have more than doubled; ſo that the nation has payed upwards of one hundred millions more for commodities on which no tax has been levied, in 1796, than what it payed in 1769. The prices of ſugar and rum have been likewiſe doubled ſince that time, although the additional duties amount to a mere trifle. All other articles of conſumption

proved, that taxes can only affect thoſe commodities on which they are levied, it muſt be evident, that the increaſe in the prices of all commodities on which no taxes have been levied, eſpecially on all the articles of the firſt neceſſity, where the increaſe has been greateſt, can proceed from nothing but the great increaſe in the circulation by means of bank notes.

From what has been already advanced, the injuſtice and ruinous conſequences of this ſyſtem muſt be ſufficiently obvious; but, as it is probable, that it has been ſupported and encouraged, rather from an opinion of its promoting ſome particular intereſt not immediately connected with it, than from ignorance of its general tendency, I ſhall endeavour to point out, more diſtinctly, its effects upon the different claſſes of ſociety.

Great pains have been taken to prove, that the *landed* and *monied* intereſts are inſeparable, and that promoting the one muſt neceſſarily promote the other; but certainly nothing can be further from the truth. For as there is but a certain quantity of power, conſequence, or riches, in a ſtate, whatever may be the numbers among whom the power is divided, or whatever may be the nominal ſum of the riches, it muſt be evident, that whatever one party gains the other muſt loſe. Suppoſe, for example, that all the lands

tion have been raiſed likewiſe, nearly in the ſame proportion as thoſe above mentioned. Hence we muſt ſee the abſurdity of attributing to ten or twelve millions of additional taxes an advance on the prices of commodities, which amounts at leaſt to ten times that ſum.

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in England were let for a term of twenty-one years, for a rent of twenty millions, at a time when the revenues ariſing from money amounted to the ſame ſum, would not the landed and monied men have an equal ſhare in the productions of the ſociety, and in the influence or power ariſing from wealth? But if the monied men were, during that period, to double their incomes, by increaſing the quantity of their money, at the end of twenty-one years their reſpective power and wealth would be but as one to two; that is to ſay, the land-holders would have one third leſs of the productions of, and the influence in, the ſociety, and the monied men one third more than they had at the beginning of the above period: thence it is obvious, that the bankers, by increaſing their own incomes through the means of their notes, do abſolutely rob the land-holders of a part of their power, and of a part of their property. It may perhaps be alleged, that increaſing the circulation raiſes the value of land; and ſo it may *nominally*, but not *really*. There may be more money given in exchange, but the value of that money will remain the ſame. For, what is the reaſon that a greater number of pieces of money are given for an acre of land, but that the money has loſt ſo much of its relative value? Therefore, although a land-holder, who wiſhed to ſell his eſtate, might receive one hundred and ten pounds inſtead of one hundred pounds, yet, as money would have loſt ſo much of its value, in employing it in any other way, except in paying an old debt, the hundred and ten pounds will go no further than the hundred pounds went before the advance took place.

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The effects of an increaſed circulation, in raiſing the rent of land, are of no more ſervice to the landlord than the increaſe of the nominal value; for, ſuppoſe his lands to be let for a term of twenty-one years, he cannot raiſe his rents till the end of that term, though the value of his income muſt have been gradually decreaſing. For if one hundred pounds would have gone as far in the maintenance of a family at the beginning, as one hundred and ten will at the end of the term, he muſt have loſt, upon an average, five pounds a year, if the increaſe of the circulation had been regular; and although he ſhould raiſe the rent, at the expiration of the leaſe, to one hundred and ten pounds, it would by no means make up for the loſs he had ſuſtained, nor prevent a future loſs; becauſe, while the circulation continues to increaſe, as he can only bring his eſtate to par with that increaſe once in twenty-one years, he muſt always be a loſer in the intermediate time *. Therefore it is evident, that the land-holders reap no benefit whatever from the increaſe of the circulation, but, on the contrary, ſuſtain a certain loſs. That their loſſes are not much greater, or that they have the power of raiſing their rents to ſuch a height as they do, is owing to a cauſe which ought not one moment to exiſt: I mean the corn laws, the moſt iniquitous ſyſtem that ever was adopted; being ſolely calculated to protect the intereſts of the few at the expence of the many.

* This is ſo well underſtood, that ſome gentlemen have formed the reſolution to ſtipulate, on renewing their leaſes, to have one half of the rents paid in grain; in order that they may be able to keep their rent at par with the price of commodities.

Is it not extremely hard that the land-holders, ſtill diſſatisfied with the poſſeſſion of the lands, ſhould compel thoſe who have no lands to purchaſe the productions of them at what price their owners pleaſe to ſet upon them; by not only preventing the importation of corn, but even taxing their fellow-citizens to pay for its exportation, in order to keep up the price! This is giving one part of the community a monopoly againſt the other, which is contrary to every principle of juſtice. By this means the value of the poor man's labour, which is his only property, is greatly reduced; for if the importation of corn were free, he could purchaſe bread cheaper, and of courſe would get more in exchange for his labour. And if the Americans or other nations could freely exchange their corn, they would take more of our manufactures; conſequently there would be a greater demand for labour, which demand would raiſe its value. So that to enable the land-holder to raiſe his rents in proportion to the increaſe of the circulation of money, thereby to throw off a part of its evil conſequences, the poor man is obliged to put up with a double portion of them.

All thoſe who have fixed revenues, ſuch as ſtock-holders and annuitants of all kinds, ſervants in the different departments of government, officers in the army and navy, &c. &c. muſt have ſuſtained a much greater injury than the land-holders; for the latter have raiſed their rents, but the former have not increaſed their annuities or ſalaries. What their loſs has really been, it is difficult to determine exactly; but whoever will take the trouble to compare the expence of

houſe-keeping at preſent, with what it was five and twenty or thirty years ago, will find that, if he has had a fixed income during that period, it has been reduced at leaſt one-third in value by the circulation of bank notes. The loſs ſuſtained by the army and navy is incomparably greater: it is ſo long ſince the officers pay was eſtabliſhed, that it cannot now be worth one third of what it was originally: but whatever the loſſes have been, they muſt conſtantly go on increaſing, for, as they have no means of raiſing this nominal value of their incomes in proportion to the decreaſe in the real value, they are expoſed a helpleſs prey to the depredations of bankers. The landholder, by raiſing his rent, partly indemnifies himſelf on the reſt of the ſociety, and, in a ſmall degree, retaliates on the banker; but the officers and annuitants are pillaged without the leaſt danger of retaliation. All money-lenders (bankers excepted) are in one reſpect in the ſame ſituation as annuitants; for as they have not been able to increaſe the intereſt on money, they cannot have indemnified themſelves for the loſs they have ſuſtained by the depreciation. But there is every reaſon to believe, that the intereſt on money has been lowered in many caſes, or at leaſt prevented from being ſo high as it otherwiſe would have been; for as the value of money, like that of every thing elſe, depends upon the demand, the intereſt on money muſt fluctuate in proportion to the fluctuation in the relative numbers of the borrowers and lenders, or in the relative quantities of the money wanted to be borrowed, and that which is to be lent. If any number of the lenders increaſe the quantity of their money, it will produce the ſame effect as leſſening the number of

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the borrowers. For ſuppoſe any perſon were to apply for ſix hundred pounds to a banker who had got but one hundred, if he could not iſſue paper, he would be obliged to borrow five hundred pounds of ſomebody elſe, in order to make up the ſum; but if with one hundred pounds in caſh he could circulate three hundred pounds of paper, he would then only want to borrow two hundred pounds; therefore the circulating of bank notes muſt leſſen the demand for, and the intereſt on money: conſequently the money-lender ſuſtains a double injury, as his income is not only reduced in value but reduced in quantity.

People in trade, whether merchants, or manufacturers who trade on real property, are affected nearly in the ſame manner as the money-lenders; for as the ſhare a man has in the trade of a country, and conſequently in the profits ariſing from trade, muſt always be in proportion to the ſhare he has of the capital employed in trade, ſo in proportion as the capital is increaſed, his ſhare of trade and profit muſt be diminiſhed: therefore the banker, by circulating bank notes, deprives the man of real property in trade of a part of his profits, at the ſame time that he reduces the value of the whole.

It may be aſſerted, perhaps, that increaſing the circulation has increaſed the quantity of trade, but that does not mend the matter; for as an increaſe in trade as well as in every thing elſe muſt decreaſe its value, that is to ſay, reduce the profits ariſing from any part of it, unleſs a man has a ſhare in the increaſed equal to what he had in the original capital, he is not at all benefited by the extenſion.

ſion. But in order to do this he is obliged to extend his trade beyond his capital; and thus a ſyſtem of credit and ſpeculation has been introduced, which has rendered all property in trade inſecure: for when men have once recourſe to paper, which they muſt have when they go beyond their capitals, no bounds can be ſet to ſpeculation. If there be an advantage in iſſuing one hundred pounds, there is ſtill a greater in iſſuing two hundred pounds. Every man therefore endeavours to circulate as much paper as poſſibly he can; the conſequence of which is, either to over-ſtock the market with thoſe commodities, whoſe quantity may be rapidly increaſed, ſuch as manufactures of hardware, cotton, &c. &c. or ſo greatly to enhance the prices on the firſt purchaſe of commodities which cannot be ſo rapidly increaſed, ſuch as the productions of agriculture, ſugars, &c. that they are conſtantly in danger of being ruined by a fall in the price. And as the only way to keep up the prices is to bring the goods ſlowly to market, when once they have begun they muſt go on with their drawing and their re-drawing as far as poſſible; but if they cannot hold out long enough to bring their commodities to a price ſufficient to cover not only the firſt coſt but the intereſt on their paper, they muſt become bankrupts, and then ſuch a quantity of commodities comes to market at once, that it muſt neceſſarily lower the price; by which means, not only the ſpeculator upon no property, but the trader on real property, is always liable to be ruined. This was, no doubt, the cauſe of the great bankruptcies in 1793, in which, if government had not interfered, they muſt have become almoſt univerſal. Nevertheleſs, by this interference the nation has been moſt grievouſly oppreſſed,

oppreſſed, for the iſſuing of ſix millions and a half of Exchequer bills did not only act as a tax, by reducing the value of money, but by giving the merchants time, it enabled them to reap the fruits of their monopolies, and to levy a tax on the nation of at leaſt thirty, but moſt probably of fifty millions; for it is to this that we are principally indebted for the immenſe riſe in the price of commodities ſince that time.

That ſuch muſt have been the conſequences might eaſily have been foreſeen; for from the loan itſelf and the terms on which it was granted, two things muſt be apparent: firſt, that the commodities did not, properly ſpeaking, belong to the merchants in whoſe poſſeſſion they were, but had been engroſſed by them on ſpeculation by means of paper; and ſecondly, that this ſpeculation was with a view to monopoly. If this had not been the caſe, and if they had really goods equal to double the amount of their debts, would not they have brought a part to market equal to the ſum of money that they wanted, rather than have pawned double the quantity? But it is probable that the property in their poſſeſſion, far from being double, did not, at a fair price, amount to the ſum of their debts; therefore nothing could ſave them from bankruptcy but the ſkrewing their commercial property up to a monopoly price. With this view it was of little conſequence how much of the commodities was pawned, for their only aim was to keep them out of the market: this they were enabled to do by the aſſiſtance of government; for as the money or paper borrowed of government ſerved to pay their

firſt

firſt bills, they were left at liberty to bring their goods to market as ſlowly as they thought proper*.

That the loans from government co-operating with the vaſt increaſe of paper ſince the beginning of the war (and not any real ſcarcity) has been the cauſe of the enormous riſe in the price of proviſions ſince 1792, muſt be evident, from the fall of near forty per cent. on the price of corn in the month of April laſt. For no other reaſon could be aſſigned for ſuch a fall in the price, but the temporary derangement, which, as appears from the application of the merchants for relief, at that time exiſted in the paper ſyſtem. Had not the miniſter again ſtepped into their aid, by withdrawing ſome of his own paper to make room for theirs, and by laying on additional taxes, enabling the bank to circulate ſo much more of their paper, the price of corn would have been much lower now than what it is; and thus we are not only pillaged by the circulating of paper, but are made to aſſiſt in robbing ourſelves†.

* Which ought we to admire? The ignorance or effrontery of the Chancellor of the Exchequer. He complained of the high price of ſugars, after having lent the Weſt-India merchants fifteen hundred thouſand pounds to enable them to raiſe the price. That it muſt have produced this effect was evident; that it has produced it we know from experience. Sugar and rum have been raiſed in price at leaſt 30 per cent. ſince the merchants received the loan.

† On the 15th of March the price of wheat was ninety-five ſhillings; but by the 12th of April, when the merchants applied to government for relief, the price had fallen to fifty-eight ſhillings. The arrangements for their relief were propoſed in parliament the 18th of April; and on the 17th of May the price of wheat had again riſen to ſeventy-ſeven ſhillings!

Various

Various cauſes have been aſſigned, for what is called the diſtreſs in the commercial world, but certainly without foundation, for the whole proceeds from paper; for as a certain quantity of caſh is requiſite to make it circulate, when the quantity of paper has been greatly increaſed there muſt be an apparent ſcarcity of caſh. That this is the real cauſe muſt be obvious, for in 1793, no exportation of money was alleged to have taken place, yet the diſtreſſes and embarraſſments were as great then as they were in 1796; and there is no doubt but that, while this nefarious ſyſtem is continued, as no bounds can be ſet to ſpeculation, diſtreſſes and embarraſſments will be felt at irregular periods. This muſt render all property in trade very precarious; and hence it becomes evident that paper muſt be injurious to the man of real capital in every reſpect.

In enumerating the different ways in which the different claſſes above mentioned are affected by bank notes, I have neglected one that is common to all. I mean the increaſing the poor rates, which is a neceſſary conſequence of the great riſe in the price of proviſions; for all thoſe who had but juſt ſufficient to maintain them before the riſe took place, muſt have ſtarved if the difference of price had not been made up to them by additional rates: but whatever may be the injury done to the rich, the injury ſuſtained by the labouring part of the ſociety is by far the greater, for the rich are only deprived of ſuperfluities, but the labourer is deprived of neceſſaries. Beſides, as the advance of price has been much greater on neceſſaries than on ſuperfluities, every man is affected by it in proportion to the part of his income employed in either:

either: conſequently it falls hardeſt on the ſmalleſt incomes, where there muſt be the greateſt portion applied to the purchaſe of neceſſaries. The labourer, therefore, whoſe whole income is employed in this way, muſt be the greateſt ſufferer. The injuſtice done by the circulating of bank notes to this claſs, is, if poſſible, more palpable, than that done to any of the others. For although the injuſtice of depriving any man of that ſhare in the productions to which he is entitled by his property muſt be ſufficiently obvious, yet the injuſtice of depriving the productive labourer, the man by whoſe labour the whole ſociety is ſupported, of any part of the ſmall ſhare he has at any time been allowed to retain of the productions of his labour, muſt be particularly ſtriking. What words, for example, could we find ſufficient to expreſs our indignation at the conduct of a ſet of men who ſhould combine to deprive the labourer of a part of his wages? Yet this the bankers have poſitively done; for there can be no difference, whether they take a part or reduce the value of the whole; whether they take four-pence out of a ſhilling or reduce the value of that ſhilling to *eight-pence*. The wages of the labourer will not now purchaſe two thirds of the quantity of proviſions that the wages he had five and twenty years ago could have purchaſed; therefore the bankers, by iſſuing their notes, have as effectually robbed him of one third of his wages, as if they had put their hands into his pocket and ſtolen it, or formed a combination in order to reduce his wages. Whatever the reduction may be at preſent, it muſt go on increaſing: for as machinery ſeems to increaſe with the circulation, he can have no hopes of obtaining any proportional

proportional increaſe in his wages; ſo that if banking is ſuffered to continue much longer, the labourers muſt either ſtarve or be ſupported by the pariſh. This is the caſe at preſent with great numbers; for there is hardly a manufacture in England where a part of the labourers do not receive ſome aid from the pariſh*. Yet ſtill we are told of the benefits of our commerce! of the flouriſhing ſtate of our commerce! But what is that commerce worth that cannot ſupport thoſe who are employed in carrying it on? The merchants of England may indeed be allowed to boaſt of the benefits of commerce; for they not only tax the community, as in other countries, by the profits on their goods, but likewiſe tax it to pay for making them. But notwithſtanding all the advantages that it enjoys, it is nothing leſs than in a flouriſhing ſtate. The commerce of England at preſent can only be compared to an old ſhip finely painted; it makes a brilliant appearance, but it is quite rotten at the bottom. This muſt be evident, from what took place in 1793 and 1796. Not all the aſſiſtance derived from the poor rates in the fabrication of goods, not all the bounties,

* The Chancellor of the Exchequer, ſenſible that the poor cannot remain much longer in their preſent ſtate, in order to prevent the riſe in the price of labour, propoſes to enable every poor man to demand a certain ſum of money from his pariſh in proportion to the number of his family. This is neither more nor leſs, that a tax on people out of trade for the benefit of thoſe in trade. The merchants and bankers, by means of their paper, firſt levy an enormous tax on the ſociety at large, by raiſing the price of proviſions; and then in order to prevent their feeling the effects of this increaſe in a foreign market, a ſecond tax is to be levied to pay in part for the fabrication of their goods for exportation! Ought we to wonder that miniſters receive ſo much ſupport from merchants; or that merchants are ſo grateful?

not all the excluſive privileges, not even the immenſe robberies committed by paper, were found ſufficient to ſupport commerce at thoſe times. Nothing but the ſtrong hand of government could ſave our principal merchants from becoming bankrupts. Theſe commercial diſtreſſes, as has been already obſerved, proceeded principally from the paper ſyſtem, which, indeed, will appear on examination, to have occaſioned more evils in modern times than all other cauſes put together. To this, in addition to the evils already enumerated, it will be found we are principally indebted for the frequency of our wars. For bank notes not only enable miniſters to contract debts and raiſe ſupplies, with infinitely greater facility than they otherwiſe could do; but render war abſolutely neceſſary for promoting the intereſt of a very powerful body of men. I mean the *money-lenders*, and particularly the *bankers*.

It has been ſhewn, that an increaſe of the quantity of money to be lent, without a ſimilar increaſe of the quantity wanted to be borrowed, muſt neceſſarily reduce the intereſt; therefore if the demand for money were not from time to time increaſed, the conſtant increaſe of the quantity to be lent, by means of bank notes, would in time reduce the intereſt to almoſt nothing. War is the only effectual means for increaſing the demand, and raiſing the intereſt on money. *War therefore becomes the intereſt of all money-lenders.* The bankers, from their having a great deal of money belonging to other people, which they cannot well employ but in ſuch a manner as to be able to call it in on any emergency, will always be inveſting large ſums in the funds; and as the intereſt which they receive

will

will be high in proportion as the prices of ſtocks are low, war, which reduces the prices, muſt to them be particularly deſirable. *But the Bank of England has an intereſt in war diſtinct from that of other banks.* For as all the money raiſed by taxes is lodged there, the revenue becomes a fund for circulating the notes of the bank. And as the profits of the proprietors depend upon the quantity of their paper in circulation; and as that muſt depend upon the largeneſs of their funds; war, which by increaſing the national debt and taxes, increaſes their funds, muſt greatly contribute to their advantage. Now, even if war were not ſo immediately for the advantage of the bankers, ſtill they would be obliged to ſupport it if the miniſter thought proper; for as their very exiſtence reſts on a deception, it is in the power of a miniſter to annihilate them in a moment: they are therefore as much at his command as though they depended on him for their daily ſubſiſtence. Nor is it to be ſuppoſed that men who get rich by the plunder of their neighbours, can have many ſcruples in promoting the deſigns of others, however pernicious, even when their own intereſts are but little concerned; but when they are greatly ſo, as has been ſhewn to be the caſe in regard to war, there can be no doubt of their moſt cordial ſupport being obtained. The purpoſe to which the produce of the taxes is applied by the Bank of England, makes them fall with a vaſt accumulation of weight on the ſociety; for by being made to circulate a quantity of paper equal to three or four times their amount, they are made to command three or four times the quantity of labour, or productions they otherwiſe would do. This likewiſe accounts for the facility with which one loan is

raiſed

raiſed after another. For the eaſe with which any ſum of money can be borrowed, depending upon the quantity of money in circulation, as every new tax increaſes the circulation by being made the baſis for circulating an additional quantity of paper, in proportion as our debts and taxes are increaſed, ſo will be the facility of borrowing money.

Thus, under whatever point of view the ſubject is conſidered, the injuſtice and ruinous conſequences of the nefarious practice of ſubſtituting paper for gold, muſt be ſufficiently obvious. By this means every man has been robbed of a part of his property, or of the produce of his labour. By this means the diſtreſſes of the poor have been greatly increaſed; and there is every reaſon to believe that by this means war has been rendered much more frequent than otherwiſe it would have been. It muſt therefore be the wiſh of every honeſt man to ſee it aboliſhed; but we muſt not content ourſelves with wiſhes, we muſt exert all the means in our power in order to remove ſo great an evil. The interpoſition of government is the only effectual means of removing it, and that we muſt endeavour to obtain: but although government ſhould refuſe to interpoſe, yet a great deal might be done by individuals. If, for example, gentlemen would keep their money in their own poſſeſſion, inſtead of leaving it in the hands of bankers, a great fund would be removed which is now employed in circulating paper; and if they were at all times to refuſe bank notes, eſpecially in the payment of their rents, a wonderful check would be given to their circulation. It is probable that this alone would be ſufficient to bring down

down proviſions to the price they were at twenty years ago*. But if this were not the caſe, it might be expected that the danger people incur of loſing their property, would prevent them from leaving their money in the hands of bankers, or from taking their notes: for there cannot be a doubt, but that any ſerious ſhock given to public credit would infallibly ruin them all. We ridicule our anceſtors for ſuffering themſelves to be ſo egregiouſly impoſed upon by the *South-Sea Bubble*; but the *Bank-Bubble* is in every reſpect as great an impoſition, and reſts upon as ſandy a foundation. For as there is not caſh enough in the kingdom to diſcharge one tenth, or probably not one twentieth part of the paper in circulation; if from an inſurrection, a threatened invaſion, a defalcation in the revenues, or from great bankruptcies, ſuch an alarm were given to the public, as to create a general run, all the banks in the kingdom muſt inſtantly ſtop payment. Men are

* There is nothing now to be ſeen among farmers but paper. Formerly (it has been ſaid) the farmers carried *purſes*, but now they carry nothing but *pocket-books*. A gentleman, on whoſe authority perfect reliance may be had, affirmed, that for one hundred and ten pounds rent, which his tenant had to pay, he brought no leſs than one hundred and five pounds in five-guinea notes! This gentleman complained of the high price of proviſions. But muſt it not be evident that ſuch is a neceſſary conſequence of the farmers having taken ſo many bank notes; had he not taken bank notes, his corn muſt either have remained unſold, or have been ſold cheaper. Gentlemen who leave their money in the hands of bankers, or who take their notes, act like gameſters who lend their money to play againſt themſelves; with this difference, that whereas the latter may win back their money, the former muſt loſe to a certainty: for not only their own money, but paper, to three or four times the amount which it will ſerve to circulate, will be brought to market againſt them.

conſtantly

conſtantly ſaying to themſelves, that as ſoon as they have any cauſe for ſuſpicion, they will immediately go and get caſh for their paper: but if ever they ſhould have occaſion to try, they will find themſelves woefully miſtaken. The moment ſuſpicion begins, the whole paper ſyſtem will tumble to the ground; and all thoſe concerned will inevitably loſe their property*. This conſideration, if there were no other, ought to be a ſufficient motive for adopting the meaſures that have been propoſed: but it ſhould likewiſe be obſerved, that by a contrary conduct, we as certainly abet public robbery, as by giving currency to counterfeit money. However, if nothing can induce us to take the ſteps that are in our power, for preventing the circulation of paper, let us ceaſe to complain of the conſequences. Let no

* We are told (ſee "Brome's Obſervations on Paine") that although the bank has not caſh to pay its notes, yet the holders need not be afraid. for that there are various ways of preventing its becoming bankrupt. The gentleman has not told us *what theſe ways are*; one of them, however, we know from experience; and if we may judge of the reſt from that, it will not afford much conſolation to the holders. The method was this; in lieu of ſtopping altogether, they pretended to *pay in ſixpences*. The conſequence of which was, that the great majority perceiving the impoſſibility of getting paid, went home with their notes; and with a little time and management the alarm was allayed. This was but a mean ſwindling trick, to which men, of either principles or honour, would have diſdained to have recourſe; it was adding inſult to injuſtice: but were it tried a ſecond time it would undoubtedly fail. The quantity of paper then in circulation was but trifling to what it is at preſent, beſide, as the Bank of England was the only circulator of notes at that time, they could derive aſſiſtance from other bankers; but that is not the caſe at preſent. Every banker circulates more paper than he could poſſible pay, if there were any thing like a general demand.

man,

man, henceforth, who either leaves his money in the hands of bankers, or who takes their paper inſtead of gold, complain of the frequency of war, of the high price of proviſions, or of the diſtreſſes of the poor; for theſe are the neceſſary and inevitable conſequences of ſuffering men to increaſe the quantity of their money at pleaſure, by means of bank notes.

FINIS.